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SUBJECT: NAWAZ GOVERNMENT: NOT YET READY FOR PRIME TIME

Classified By: Charge Peter Bodde, for reasons 1.4 (b)(d)

¶1. (C) Summary. Although Nawaz Sharif would like to exploit his status as Pakistan's most popular politician, he does not now have the votes to bring down the government and force new elections. If Nawaz quits the current coalition, PM Gilani could continue to lead a minority government with the backroom support of Musharraf's party and the Muttahida Quami Movement. Wild cards that could alter this political calculus include food/fuel riots, a mass wave of suicide bombings or an unlikely split in the Pakistan People's Party.

If the government does fall, they will have up to 90 days to schedule new elections, and it is not clear Nawaz even then can rule without Zardari's support. The August 5 "showdown" meeting between Nawaz and Asif Zardari may produce only agreement to expand the cabinet and allow a strained coalition to limp along through the September Ramadan break.
End Summary.

¶2. (C) With an 83 percent approval rating, Nawaz Sharif may be the most popular politician in Pakistan today, but he faces several significant hurdles before he can possibly control the next government. Nawaz's soaring popularity is based on his relentless campaign to restore all the deposed judiciary and oust President Musharraf. In public, he and his Pakistan Muslim League-Nawaz (PML-N) party have taken maximalist positions and increasingly have criticized their Pakistan People's Party (PPP) coalition partner. In private, Nawaz's views are more nuanced, and most PML-N members insist they want the coalition to remain intact in the near term.

¶3. (C) Zardari and Nawaz will meet August 5 for what is being billed as a "showdown." When Nawaz returned from London on July 29, he told the press "It is time for decisive talks with Zardari." Nawaz is under pressure to force a Zardari decision on the judiciary and Musharraf's possible impeachment; Zardari is under pressure to replace the PML-N ministers who withdrew from the cabinet on May 12 so that the government can begin to function normally. Few in Pakistan expect the uneasy PPP/PML-N coalition to survive in the long term, but Nawaz Sharif may not be ready to walk out just yet, and it is not in Zardari's interest to push him.

Minority Government

¶4. (C) If Nawaz did withdraw from the coalition, the PPP (with 126 of 342 National Assembly seats) could continue ruling in a minority government. This would be unprecedented in Pakistan's history, but there are no constitutional requirements for a government to obtain more than an initial parliamentary vote of confidence. Zardari would need new partners to maintain even a slim majority--his choices, both unpalatable to PPP rank and file, are Musharraf's Pakistan Muslim League (PML) party (54 seats) and the Muttahida Quami Movement (MQM) party that rules Karachi (25 seats). Backroom

overtures by the PPP to both these potential partners already are underway. PML President Chaudhry Shujaat told Ambassador that the PML would not formally join a PPP government but would support it in parliament. MQM leaders confirm they are negotiating with the PPP for possible ministerial positions; MQM and the PPP already share power in the Sindh government.

15. (C) As for other current coalition partners/supporters, we expect the Awami National Party (13 seats) and the independents who represent the tribal areas (11 seats) to stick with the PPP. Fazlur Rehman's Jamiat Ulema-e-Islam party (7 seats) is unhappy with the PPP's decision to use military action against militants and will (as always) negotiate its future position.

16. (C) The wild card here is unity within the PPP itself. Zardari is widely disliked within the party; his exclusive leadership style, his disrespectful treatment of PPP Vice Chair Amin Fahim, and his decision to favor his cronies over old-time Benazir supporters have alienated many. Musharraf's party is actively working with Fahim to exploit these fissures and, sensing its potential power as a deal maker, is increasing its criticism of the PPP. However, we seriously doubt efforts to split the party will succeed while the PPP leads the government. Zardari will use an upcoming cabinet expansion to distribute more spoils and try to calm internal dissent.

The No-Confidence Electoral Math

17. (C) Under Pakistan's constitution, the President can dissolve the National Assembly (under article 58.2(b)) and force new elections. Because Musharraf knows this would likely bring Nawaz to power, he is unlikely to take this action. The Prime Minister can call for a vote of confidence; with the support of 20 percent of the National Assembly, any member also can call for a vote of no confidence. Passage of a no confidence motion requires only a simple majority (172 of 342 votes) in the National Assembly.

18. (C) With 26 percent of the National Assembly (91 seats), Nawaz can file a no-confidence motion, but he does not now have the additional 81 votes needed to bring down the government. At the moment, the PML, MQM and ANP would oppose a no confidence motion that leads to elections which Nawaz would win.

19. (C) A split in PPP ranks and/or serious disintegration of law and order could alter political calculations and convince coalition supporters to break ranks and bring down the government. We already are seeing energy demonstrations and the situation will worsen in the coming months; food inflation and shortages also are growing. A spreading militant insurgency is creeping out of the tribal areas into "settled" regions of the country, and a GOP military campaign against militants could spark renewed suicide bombings across Pakistan. Should Nawaz withdraw from the coalition, he would exploit popular fears about food and energy shortages and declining security.

After New Elections

110. (U) When a Prime Minister loses a vote of confidence, the President can either ask another National Assembly member to form a government, or dissolve the Assembly, after which a general election must be held within 90 days.

111. (C) According to the latest International Republican Institute (IRI) poll, if an election were held today, Nawaz's PML-N party would win 36 percent of the vote compared to 32 percent for Zardari's PPP. We expect PML-N support to grow if Nawaz moves into opposition, but it remains far from certain that he could rule without PPP support in a new government. Nawaz himself is still disqualified from

becoming Prime Minister on two grounds. Still pending is an appeal on his disqualification to run for a seat in the National Assembly (a requirement to become PM), and he has yet to overcome the constitutional two-term limit on prime ministers. If PML-N wins the opportunity to lead the next government, therefore, Nawaz would have to lead through a proxy, at least initially.

¶12. (C) Comment: Despite growing public frustration at the coalition's inability to resolve the judges' issue, tackle the economic crisis or stem growing militancy, we believe the GOP will continue to muddle through August and September (Ramadan). Nawaz likely will use this time to increase criticism of the PPP at the national level and strengthen his position in the Punjab Provincial Assembly ahead of a challenge to the government by the end of the year.

BODDE